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## PRESS RELEASE

### **Auditor General disappointed with slow progress in implementing budgeting, financial management and reporting recommendations.**

The report, *Follow-up on past PAC recommendations 2023 – Report 1*, was issued today by the Office of the Auditor General (OAG). This report is the latest in a series. It provides an update on the Government's progress with implementing recommendations made by the Public Accounts Committee (PAC) of the Parliament for two reports; *Improving Financial Accountability and Transparency: Budgeting* and *Improving Financial Accountability and Transparency: Financial Management and Reporting*.

The two OAG reports date back to December 2020 and May 2021 and made a total of 33 recommendations. The PAC endorsed these recommendations but did not make any further of their own. As of February 2023, only two (6 per cent) of them had been implemented. There has been no or limited progress with four (12 per cent) of the recommendations and 25 (76 per cent) recommendations were in progress or action is planned. The Government didn't accept two (6 per cent) of the recommendations.

Sue Winspear, the Auditor General, said, "It is disappointing that only limited progress has been made in implementing the recommendations made to improve Cayman's budgeting, financial management and reporting systems".

The report assesses progress with implementing the recommendations in *Improving Financial Accountability and Transparency: Budgeting* that was published in December 2020 as Red – limited progress. One (6%) recommendation has been implemented, some progress or action is planned for 14 (82%), and limited or no progress has been made for two (12%).

The Auditor General says, "The Ministry of Finance has made limited progress in improving the Government's budgeting framework and processes, with only one recommendation implemented over the past two years." Ms. Winspear adds, "I acknowledge that the Ministry of Finance has recently commissioned consultants to take forward much of this work. However, it is disappointing that the timeline for implementing my recommendations has now been pushed back further to December 2025. This further delay means that we will not see more user-friendly, transparent and outcomes-focused budgets until 2026 and 2027. The budgeting system is fundamental to driving the efficient and effective use of Cayman's finite resources and so while these changes may sound a little bureaucratic, they are really important."

The report assesses the Government's progress with implementing the recommendations in *Improving Financial Accountability and Transparency: Financial Management and Reporting* from May 2021 as Red – limited progress. Two recommendations were not accepted. Of the remaining 14, one (6%) has been

implemented, 11 (69%) have some progress or action is planned, and two (13%) have no or limited progress.

The Auditor General says, “Limited progress has been made in implementing my recommendations to improve the Government’s financial management and reporting.” Ms. Winspear continues, “The Ministry of Finance plans to take action as part of the overarching project on modernising the budgeting and financial reporting framework. But this means, again, it will be another five years at least before we see any improvements. The Government is not currently reporting some important information needed for proper accountability like the full cost of the liability for post-retirement benefits.”

The report provides an update on the Government’s progress with tabling its formal responses to PAC reports (known as Government minutes).

More information about the report can be obtained by contacting Sue Winspear at (345) 938-3201.

This report and the original OAG reports on which this report is based are available at [www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky).

Notes to the editor:

1. The Public Accounts Committee considers reports made by the Auditor General and generally endorses the recommendations in her report. The PAC also makes further recommendations based on the witness hearings they hold at the time.
2. The Cayman Islands Government is required to formally respond to the PAC recommendations within three months of the PAC laying an Auditor General report in the House of Parliament.
3. The OAG has assessed the Government’s progress with implementing recommendations for the following two reports (see Exhibit 2 in the report):
  - *Improving Financial Accountability and Transparency: Budgeting* (December 2020) – **Limited progress**. See Appendix 1 for details.
  - *Improving Financial Accountability and Transparency: Financial Management and Reporting* (May 2021) – **Limited progress**. See Appendix 2 for details.
4. The OAG has assessed progress with the 33 recommendations as: Not accepted – 2 (6%), implemented – 2 (6%), some progress or action is planned – 25 (76%), and no or limited progress – 4 (12%). See Exhibit 3 in the report.
5. Since our last report in September 2022, the Government tabled the Government Minutes for the following three PAC reports in October 2022:
  - *Report on the Segregated Insurance Fund 2015/16 Accounts and Report on the Cayman Islands Monetary Authority 2015/16 Accounts*.
  - *Report of the Office of the Auditor General on Follow-up on past PAC recommendations* (October 2018).

- Reports of the Office of the Auditor General on: (1) *Owen Roberts International Airport (ORIA) Terminal Redevelopment Project – Progress update as at August 2018* (January 2019); (2) *Financial Reporting of the Cayman Islands Government: General Report 2019* (December 2020); and (3) *Improving Financial Accountability and Transparency: Budgeting* (December 2020).
6. As of the end of February 2023, the formal Government responses to the following five PAC reports continue to be late – see Exhibit 1 in the report. The date in brackets is when the PAC report was tabled in the House of Parliament:
- Report of the *Information and Communications Technology Authority 2015/16 Accounts* (22 November 2018).
  - Report of the Office of the Auditor General on *Efficiency and Effectiveness of the Utility Regulation and Competition Office (OfReg) - June 2020* (12 December 2020).
  - Report of the Office of the Auditor General on *HSA Outpatient Pharmacy services - November 2021* (June 2022).
  - Report of the Office of the Auditor General on *Follow-up on past PAC Recommendations 2022 Report 1 -January 2022* (June 2022)
  - *General Report for 31 December 2020 -December 2021* (June 2022)